

1 delivered either by hand or certified mail, return receipt requested, to the
2 Banking Department, State of New Hampshire, 64B Old Suncook Road, Concord, NH
3 03301. Such hearings will be scheduled within 10 days of the request. If the
4 Respondents fail to appear at the hearing after being duly notified, such
5 person shall be deemed in default, and the proceeding may be determined against
6 the Respondents upon consideration of the Order to Show Cause, the allegations
7 of which may be deemed to be true.

8 If the Respondents fail to request a hearing within 30 calendar days of
9 receipt of such order or reach formal settlement with the Department within
10 that time frame, then such person shall likewise be deemed in default, and the
11 orders shall, on the thirty-first day, become permanent, and shall remain in
12 full force and effect until and unless later modified or vacated by the
13 commissioner, for good cause shown.

14 **STATEMENT OF ALLEGATIONS, APPLICABLE LAWS AND REQUEST FOR RELIEF**

15 The Staff Petition dated February 14, 2008 (a copy of which is attached
16 hereto) is incorporated by reference hereto.

17 **ORDER**

18 WHEREAS, finding it necessary and appropriate and in the public
19 interest, and consistent with the intent and purposes of the New Hampshire
20 banking laws, and

21 WHEREAS, finding that the allegations contained in the Staff Petition,
22 if proved true and correct, form the legal basis of the relief requested,

23 It is hereby ORDERED, that the Respondent shall show cause why:

- 24 1. Administrative penalties of \$2,500.00 should not be imposed
25 against each named Respondent for a violation of the Chapter;
and
2. Statutory penalties of \$7,350.00.00 pursuant to RSA 397-A:11
should not be imposed against Respondent Southcoast; and
3. Respondent SouthCoast's license should not be revoked; and

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2
3 It is hereby ORDERED that:

4 4. Failure to request a hearing within 30 days of the date of
5 receipt of this Order shall result in a default judgment being
6 rendered, license revocation and administrative penalties
7 imposed upon the defaulting Respondent.

8 SIGNED,

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10 Dated: 2/14/08

11 /S/
12 PETER C. HILDRETH
13 BANK COMMISSIONER
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In re the Matter of:) Case No.: 08-031
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State of New Hampshire Banking) Staff Petition
)
Department,)
)
Petitioner,) February 14, 2008
)
and)
)
SouthCoast Mortgage & Investment)
)
Corporation, and Paul Matos,)
)
Respondent

The Staff of the Banking Department, State of New Hampshire (hereinafter referred to as the "Department) alleges the following facts:

1. On or about September 24, 2007, the Department was scheduled to begin an examination of SouthCoast Mortgage & Investment Corporation. (hereinafter "Respondent SouthCoast").
2. Paul Matos is, or was at all times relevant, President of Respondent SouthCoast.
3. Respondent SouthCoast was licensed as a Mortgage Broker and at all times relevant to this action held a Department license since at least 2003.
4. The Department sent a notice of an upcoming examination to the Respondent via US Certified Mail on August 27, 2007 (mail piece number 7006 3450 0000 0610 0426). The Respondent received and signed for the notice on or about August 30, 2007.

5. The Department sent a second notice to the Respondent via US Certified Mail (mail piece number 7007 1490 0000 0422 3021) on or about November 26, 2007. The Respondent received and signed for the notice on or about November 29, 2007.
6. On or about December 11, 2007, Respondent SouthCoast contacted Kimothy Griffin via email and notified him that the exam materials would be arriving by December 17, 2007.
7. The exam materials were not received by the Department.
8. To date the Respondent has failed to facilitate the examination.
9. September 20, 2007 was the end of the 21-day grace period.
10. It has been 147 days since September 20, 2007 without any production of documents.

ISSUES OF LAW

The staff of the Department, alleges the following issues of law:

1. The Department realleges the above stated facts in paragraphs 1 through 10.
2. The Department has jurisdiction over the licensing and regulation of persons engaged in mortgage broker activities pursuant to NH RSA 397-A:3.
3. Pursuant to New Hampshire Banking law, RSA 397-A:12 the Department may examine the business affairs of any licensee or any other person, whether licensed or not, as it deems necessary to determine compliance with this Chapter and the rules adopted pursuant to it and with the Consumer Credit Protection Act, as amended (15 U.S.C. 1601 et seq.). In determining compliance,

1 the Department may examine the books, accounts, records, files,
2 and other documents or matters of any licensee or person. RSA
3 397-A:12 further requires every person being examined, and all
4 of the officers, directors, employees, agents, and
5 representatives of such person shall make freely available to
6 the commissioner or his examiners, the accounts, records,
7 documents, files, information, assets, and matters in their
8 possession or control relating to the subject of the examination
9 and shall facilitate the examination. The Respondent violated
10 this provision by failing to facilitate the examination.

11 4. RSA 397-A:11 provides for a fine of \$50 per day for every day
12 that records are not produced after 21 days.

13 5. RSA 397-A:21 IV provides that any person who, either knowingly
14 or negligently, violates any provision of Chapter 397-A, may
15 upon hearing, and in addition to any other penalty provided for
16 by law, be subject to an administrative fine not to exceed
17 \$2,500, or both. Each of the acts specified shall constitute a
18 separate violation, and such administrative action or fine may
19 be imposed in addition to any criminal penalties or civil
20 liabilities imposed by New Hampshire Banking laws.

21 6. RSA 397-A:21 V provides that every person who directly or
22 indirectly controls a person liable under this section, every
23 partner, principal executive officer or director of such person,
24 every person occupying a similar status or performing a similar
25 function, every employee of such person who materially aids in
the act constituting the violation, and every licensee or person

1 acting as a common law agent who materially aids in the acts
2 constituting the violation, either knowingly or negligently, may,
3 upon notice and opportunity for hearing, and in addition to any
4 other penalty provided for by law, be subject to suspension,
5 revocation, or denial of any registration or license, including
6 the forfeiture of any application fee, or the imposition of an
7 administrative fine not to exceed \$2,500, or both. Each of the
8 acts specified shall constitute a separate violation, and such
9 administrative action or fine may be imposed in addition to any
10 criminal or civil penalties imposed.

11 **RELIEF REQUESTED**

12 The staff of the Department requests the Commissioner take the following
13 Action:

- 14 1. Find as fact the allegations contained in section I of this petition;
- 15 2. Make conclusions of law relative to the allegations contained in
16 section II of the this petition;
- 17 3. Order the Respondents to Show Cause why its license should not be
18 revoked;
- 19 4. Assess fines and administrative penalties in accordance with RSA 397-
20 A:21, for violations of Chapter 397-A, in the number and amount equal
21 to the violations set forth in section II of this petition; and
- 22 5. Take such other administrative and legal actions as necessary for
23 enforcement of the New Hampshire Banking Laws, the protection of New
24 Hampshire citizens, and to provide other equitable relief.

25 **RIGHT TO AMEND**

1 The Department reserves the right to amend this Staff Petition and to
2 request that the Commissioner take additional administrative action.
3 Nothing herein shall preclude the Department from bringing additional
4 enforcement action under RSA 397-A or the regulations thereunder.

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6 Respectfully submitted by:

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8 /S/
James Shepard
9 Staff Attorney

2/14/08
Date